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## **“Breaking out”: exploring the diversification process among Polish ethnic minority entrepreneurs**

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**Key words:** ethnic minority entrepreneurs, breakout, business development, diversification process

### **Objectives**

This paper focuses on the specific business development activities pursued by Polish Ethnic Minority Entrepreneurs (EMEs) in Glasgow at later stages of their business lifecycles. Thus the paper analyses the process by which Polish EMEs are broadening their market base and their product and services offerings. Based on phenomenological analysis of empirical data, the paper proposes a new theoretical framework and makes recommendations for policy-makers and practice.

### **Approach**

The paper utilizes semi-structured interviews with 21 Polish migrants who arrived following the 2004 enlargement of the European Union (EU) and who started their businesses in Glasgow subsequently. Following a phenomenological approach, the paper explores Polish EMEs' idiosyncratic sense-making of their own business development activities in greater depth including how they broadened their market and product/services offerings and thus achieved breakout.

### **Results**

The paper highlights Polish EMEs' incremental and ad hoc process of broadening their clientele and product and services offerings. Since EMEs primarily target their ethnic community as a market at the start-up phase, the limited potential of these saturated market niches can lead to low levels of business survival at worst or weak growth at best. Of particular relevance to academic theory and policymakers, Polish EMEs are able to recognise opportunities to overcome this potential threat to survival or growth either by (1) broadening their client base; (2) introducing non-ethnic product or services offerings; and/or (3) extending the enclave. However, this process of 'breaking-out' from the co-ethnic niche market is incremental (i.e. step-by-step, undocumented, and based on idiosyncratic perceptions of opportunities). Subsequently, the paper makes a novel theoretical contribution by proposing a *diversification process* of EMEs' activities as an indirect route to break out into the mainstream market that is grounded in both empirical evidence and the extant literature. This framework captures the dynamic and incremental nature of EMEs' business development activities.

### **Implications**

This paper enhances and refines our understanding of the business development activities undertaken by Polish EMEs to ensure survivability of their business and to achieve growth. It also informs policy-makers about the challenges faced by EMEs to raise the resources required to break out from niche markets. Access to support and finance is limited by the Polish EMEs' lack of awareness, understanding, language skills, and of access to wider social and business networks.

### **Value**

This paper makes a valuable contribution to the field of research on EMEs. It stresses the incremental nature of the process of broadening market base and product or services offerings as a route to break out from the saturated, hypercompetitive ethnic niche market. Hence, the paper contributes to debates on breaking-out to new markets and networks, and on barriers to growth for EMEs. It then proposes the *diversification process* as a useful theoretical framework to analyse EMEs' business development activities.

## 1. Introduction

Much of the seminal and extant literature on Ethnic Minority Entrepreneurs (EMEs) has provided abundant empirical evidence and context-rich theory predominantly on well-established non-white entrepreneurial communities – mainly of African and South and South East Asian ethnic origin – but there has been relatively little research on recently (post 2004) arrived white Central and Eastern European (CEE) entrepreneurs in the UK: with notable exceptions (Vershina et al., 2011; Lever and Milbourne, 2014; Knight, 2015). Addressing this gap in our theoretical and empirical knowledge is important for a number of reasons, most notably to study individual ethnic groups separately in order to contextualize their lived experience (Cope, 2005) rather than generalizing across groups. Additionally, analysis of further business development (rather than 'growth' alone) – referred to as breaking-out strategies (Jones et al., 2000; Engelen, 2001; Smallbone et al., 2005; Rusinovic, 2008; Wang and Altinay, 2012) in which entrepreneurs can step out from saturated hypercompetitive ethnic niche markets (Ram et al., 2003; Kloosterman, 2010) – remains unexplored in any great depth in the literature and is even less well refined theoretically. The aim of this paper is, therefore, to investigate the specific business development activities pursued by Polish EMEs in Glasgow at later stages of their business lifecycles. Thus the paper analyses the process by which Polish EMEs are broadening their market base and their product and services offerings. Based on new empirical data that has been subject to phenomenological analysis, we have theorized and modelled the development of the diversification process of EMEs (in other words, by engaging in empirically supported conceptual development) focusing on product (as well as on market-oriented) diversification and differentiation. On the basis of the framework, we then offer recommendations for policy-makers and practice regarding Polish EMEs' idiosyncratic sense-making of their own business development activities with a particular focus on broadening their market and product/services offerings.

Contextualizing entrepreneurship is critical to achieve both theoretical and empirical rigour and novelty (Zahra, 2007; Welter, 2011; Zahra et al., 2014). Thus the contextual background to this study is as follows. First, there has been considerable Polish migration to the United Kingdom (UK) since the accession of Poland to the European Union (EU) in 2004, with no transitional period for Poles entering the UK labour market as there was then in other parts of the EU. As a consequence, the UK has witnessed an influx of Polish migrant workers that has exceeded the numbers forecast by UK government officials with 400,000 workers registered between 2004 and 2007 (Drinkwater et al., 2009; Home Office, 2009; Institute for Public Policy Research, 2010). Polish migrants to the UK have tended to cluster in particular cities or towns where there have been particular opportunities in the labour market. There are now deeply embedded Polish communities in many of the UK's major cities and towns, including Glasgow, from whence the empirical evidence of this paper has been collected. As well as Polish professionals (such as academics, doctors, dentists, lawyers and others) who have sought and gained professional work, many Polish migrants to the UK – even those who are university graduates – have not been so fortunate in the labour market due to continued and entrenched "employ local" attitudes, whether subconscious or overt discrimination policies, that tend to characterize host societies of even highly educated immigrants. However, whilst many Poles have obtained low paid, low skilled employment on their initial arrival (Drinkwater et al., 2009), some have subsequently entered self-employment and that is one of the major motivations of this study. Second, social mobility and integration in society is another important contextual factor for Polish (im)migrants in that – if they stay in the UK – it is arguably easier for their children to assimilate than non-whites because of their religion and the colour of their skin (and thus their children are less likely to face discrimination, racial abuse, or victimization of an entire community, e.g. the impact of "stop and search" by police on black people, and the anti-"terror" laws and rhetoric upon Muslims just as on the Irish in the 1970s and 1980s). Polish graduates who settle in the UK and who join the labour market can use self-employment and entrepreneurship as a means of social mobility and to integrate into the host society. Thus business start-up is a contribution both to the economy but also to successful settlement in the UK.

Contextually too, and not unexpectedly given their distinctiveness, the clusters of Polish migrants and EMEs in UK towns and cities represent a new population with similar and yet different characteristics to more established ethnic minority communities and EMEs. In particular, they have a lack of access to formal sources of finance and support, and a reliance on their co-ethnic community as their primary market. However, they exert some notable characteristics that are different from other EMEs. For example, they have no reliance on the community for support and advice, and primarily because of the effects of their country's membership of the Eastern bloc between 1944 and 1989 they lack trust of other Poles (White and Ryan, 2008; Lassalle et al., 2011) and of formal institutions (Welter and

Smallbone, 2006). This new wave of migration was primarily motivated by economic necessity due to limited labour market opportunities in Poland (Duvell, 2004; Garapich, 2008; White and Ryan, 2008). Their subsequent entry into self-employment and entrepreneurship was evidently not 'push' (necessity) or 'pull' (opportunity) alone but a combination of these with both job dissatisfaction (push) and opportunity recognition (pull) being at play. These businesses are predominantly micro-businesses (self-employed, or 1-3 employees) in the service sector. Finally, the Scottish and Glaswegian opportunity structure (at the local and meso level) has been identified as favourable for start-up – with easy procedures, little finance required, and the presence of a cluster of Polish (and other CEE) people – which makes the study site a relevant and novel context for exploration both empirically and theoretically.

The main novel contributions of the paper are that it comprises phenomenological analysis of empirical data of Polish EMEs in Glasgow (which is contextually novel in that it is a new population, new community, and thus a new context). Whilst these are European EMEs, they are first generation migrants (and entrepreneurs) and have specific distinctive characteristics that we have discussed above. Following Engelen's (2001) criticisms of past conceptualization of breaking-out strategies, we consider the potential of ethnic niche markets for success and growth during the first generation. In addition, we explore the processual and incremental nature of diversification and, building on Rusinovic (2008) and on previous typologies of EMEs (Zhou, 2004), we present the diversification process and propose a new definition of diversification in the context of EMEs: not only broadening of clientele but also of product and services offerings. Thus a number of policy implications in terms of support for EMEs for diversification (with no need to break out necessarily) relate to access to wider networks (locally), marketing and language support and access to suppliers and distributors.

This paper is structured as follows. Section 2 critically reviews the relevant literature and theories that have pertinence to the research question of this paper, followed by the methodology in Section 3 which provides background and a justification of the sample after which the research methods are described and justified. Next Section 4 presents the findings of the study by focusing initially on initial co-ethnic market start up activities and then on the market broadening strategies of Polish entrepreneurs in Glasgow – whilst Section 5 is a discussion. Section 6 concludes the paper and offers a future research agenda and some considered implications for policymakers and practitioners.

## **2. Literature Review and Theoretical Background**

### **2.1 The niche market of EMEs and breakout**

Our definition of EMEs is in line with extant European research on the topic in terms of legal status (sole ownership) and nationality (despite super diversity – an homogenous, contextualised population sharing similar characteristics). The prior research on EMEs has identified a number of key issues, such as barriers to entering the labour market, access to resources from various sources, and targeted clientele (see, for instance, Deakins et al., 2005). Indeed, literature on EMEs attempts to identify the characteristics that make the EMEs different from other populations of entrepreneurs in the host country (Engelen, 2001; Rusinovic, 2008; Deakins et al., 2009). These can be found with respect to the importance of barriers to employment or difficulties in accessing resources, but are also related to issues specific to migrants that include the role of the community of co-nationals (Light and Bonacich, 1991; Zhou, 2004; Deakins et al., 2005), and strategies of serving co-ethnics as clients. All of these are issues distinctive to EMEs compared to mainstream entrepreneurs. Indeed, the role of the community in accessing resources is crucial for EMEs (Portes, 1998; Davidsson and Honig, 2003; Deakins et al., 2007; Sepulveda et al., 2011; Rumbaut and Portes, 2014), especially as most EMEs – although this differs widely among various groups – do not access resources through formal sources of support and advice (Smallbone et al., 2003; Deakins et al., 2005). The lack of awareness that EMEs have of the host country's institutions extend to market conditions. Hence, targeting the community as a market is a common strategy among EMEs (see for instance, Jones et al., 2000; Rusinovic, 2008; Kloosterman, 2010). Building on the literature (for instance, Zhou, 2004), Rusinovic (2008) develops a typology of EMEs according to the market they serve. The entrepreneurs targeting the ethnic niche market are categorised under the categories of *ethnic-market entrepreneurs* (if they provide ethnic products to the community-based market) and *niche-market entrepreneurs* (if they provide mainstream products to the community-based market (see Figure 1). As this strategy is not necessarily viable, research on EMEs has also explored future business developments, so-called breaking-out – or breakout – strategies into the mainstream market (Engelen, 2010; Ram et al., 2003), achieved by the second generation of entrepreneurs (McPherson, 2008; Rusinovic, 2008). There has

been a debate on the niche market, where the community is the primary market and there is limited growth potential (although it has been challenged by Engelen, 2001; Werbner, 2001), due to a need to break out to mainstream markets (or act as middlemen: that is to say, they serve the mainstream market with ethnic products: see Zhou, 2004; Rusinovic, 2006, 2008, and Figure 1).

**Figure 1: Typology of Ethnic Minority Entrepreneurs: market and product orientations**



Source: Lassalle (2015), adapted from Zhou (2004), Rusinovic (2006, 2008)

Hence one possible development for EMEs is to break out into the mainstream market, i.e. serving mainstream goods to mainstream customers (see for instance, Engelen 2001; Smallbone et al., 2005; Rusinovic, 2008). However, in the case of Polish entrepreneurs in Scotland, there is no evidence of direct breaking-out strategies, i.e. direct access to mainstream clientele. Polish entrepreneurs in the Glasgow area mainly target the Polish community market and serve co-ethnics with products and services. The size of the Polish population in the Glasgow area provides just such a market. Indeed, an estimated 5,000 Polish workers are registered in Glasgow according to the Home Office Accession Report (2009). Furthermore, they do not adopt direct breakout strategies to the mainstream market (Jones et al., 2000; Ram and Jones, 2008; Ram et al., 2003; Rusinovic, 2008), which corresponds to a shift from *enclave market* and *niche-market* entrepreneur categories to *middlemen* and *mainstream entrepreneurs*. Instead, they pursue incremental, undocumented and unplanned diversification strategies. In addition, unlike Rusinovic's (2006, 2008) findings, the study highlights that the route to diversification is not solely based on accessing the wider market but also by broadening the product and service offering to the community-based market (shift from *enclave-market* to *niche-market entrepreneur*). Perhaps the future of these businesses lies in a more incremental diversification process. Rusinovic (2008) develops a typology based on previous research but the switch from one category to another is based on the access to a more local/mainstream clientele. In other words; the broadening of the clientele (ethnic to middleman and niche to mainstream). Our contribution to this point lies on the processual nature of diversification (hence the term of diversification process), as well as on the different opportunities for diversification as perceived by Polish EMEs relating to the broadening of clientele but also of offering

A more specific definition of breakout involves access to wider (local, indigenous or mainstream) clientele (Jones et al., 2000; Smallbone et al., 2005; Rusinovic, 2006; Rusinovic, 2008; Kitching et al., 2009), or breaking-out to better rewarded sectors (Deakins et al., 2005, 2009) by the second and third generation. In particular, to ensure survivability of the business in a competitive or crowded niche market (Ram et al., 2003), or saturated market (Engelen, 2001) and thus step out to more rewarding markets (or from capital intensive low threshold and stagnating openings as Kloosterman, 2010, argues) to mainstream markets (Rusinovic, 2008). Kloosterman (2010) adds to Waldinger et al.

(1990) by distinguishing dead-end and promising sectors and considering the level of human capital available to migrant entrepreneurs. Indeed, and in a more critical light, resources in general and human capital and skills in particular are relevant in specific contexts, in that Polish entrepreneurs are generally qualified but lack access to the labour market at the appropriate level because of limited language skills and awareness, and a lack of recognition of their qualifications and experiences; and transferability or use of skills (indeed, Shane and Venkataraman (2000) use the term 'information') to recognize opportunities depending on the context. Barriers to break out include marketing and cultural specificity (Smallbone et al., 2005), resources (Engelen, 2001), networks (Kitching et al., 2009; Wang and Altinay, 2012), level of dependence (Sepulveda et al., 2011), and also types of social capital (Davidsson and Honig, 2003; Deakins et al., 2007; Carter et al., 2015) or, more generally, problems of access to resources (Ram and Jones, 2008; Deakins et al., 2009).

Although EMEs target essentially specific sectors of the economy, such as catering and retailing, in which survival is not always achieved (Perlmann and Waldinger, 1997; Jones et al., 2000; Zhou, 2004; Deakins et al., 2005; McPherson, 2008; Sepulveda et al., 2011; Carter et al., 2015), breakout from a niche market is usually achieved by second generation EMEs (Engelen, 2001; Zhou, 2004; Rusinovic, 2008; MacPherson, 2008). Hence using a mixed-embeddedness perspective to understand the entrepreneurial behaviour of EMEs (Kloosterman and Rath, 2001; Kloosterman et al., 1999) enables us to extend our discussion further. Debates on the enclave economy (see Section 2.2 below) emphasise the limited size of the market targeted, which can lead to failure or the adoption of survival strategies (Light and Bonacich, 1988; Waldinger, 1993; Zhou, 2004). However, EMEs can be successful as they expand to other markets as part of their breaking-out strategies (Ram et al., 2003).

While the criticisms of previous definitions of breakout are primarily that they are too deterministic in terms of being 'assimilationist' and 'teleological' (Engelen, 2001), following Engelen's (2001) critique of the previous conceptualisation of breakout, there are three key features of breakout: aim, process and market extent (spatiality). First, although breakout is caused by limited size of the ethnic niche market, the potential of these niches should not be dismissed (in other words, turning into a mainstream business should not be considered as an aim/end) (Engelen, 2001). Second, Engelen (2001) criticises the rigid path to breaking-out presented by Waldinger et al. (1990) and emphasises the importance of focusing on the dynamic nature. Third, Engelen (2001) here discusses the targeted market: whether ethnic or not but also local or not, introducing here a more locally embedded dimension (see various levels of opportunity structures in: Jones et al., 2014; Kloosterman and Rath, 2001; Kloosterman, 2010; Lassalle and McElwee, forthcoming). Despite claims of superdiversity (Ram et al., 2013; Sepulveda et al., 2011), it is still ethnically embedded but there should be more attention given to the offering of product and services. In conclusion, previous EME research has not (with the possible exception of Basu, 2011) examined product-oriented breakout. Hence the contribution of this paper is based on novel empirical evidence underpinned by extant theory and conceptualizations in order to apply abductive logic to develop rich new context-specific theory.

## **2.2 Ethnic enclaves**

The concept of an ethnic enclave economy is also useful in highlighting the limitations for growth potential and, ultimately, the survival prospects of (im)migrant entrepreneurs' businesses and the process of adopting breakout strategies from the enclave economy to the mainstream market (Deakins et al., 2009; Kloosterman, 2010). Hence one business strategy pursued by EMEs is to participate in an ethnic enclave economy (Waldinger, 1993; Werbner, 2001; Zhou, 2004). This route, via an ethnic enclave economy, partially disengages the entrepreneur from the host country's business environment in order to allow him or her to maximise the use of social capital raised from the immigrant community. Second, the enclave economy is a more appropriate concept in order to discuss the strategies pursued by EMEs since it includes businesses that are bounded by co-ethnicity and location (Wilson and Portes, 1980; Zhou, 2004). Understood as a separate niche from the mainstream economy, the enclave economy refers to both the community-based market available to EMEs and the ethnic labour market attached to it (Waldinger, 1993; Light et al., 1994). Most importantly to our argument, the enclave encompasses a cultural component (Zhou, 2004) and entrepreneurial activity within the enclave relies on the embeddedness of the entrepreneur within social networks of co-ethnics (Waldinger, 1993; Damm, 2009). Thanks to this cultural proximity between the entrepreneur and his or her clientele (Zhou, 2004), EMEs have specific knowledge of business opportunities within the community-based niche market (Werbner, 2001; Damm, 2009). However, following Werbner (2001), we claim that the spatial clustering of businesses run by EMEs is a relevant but not a decisive characteristic of the enclave. Even though there is a spatial dimension

(for instance at the city level), the enclave does not require a segregated mono-ethnic neighbourhood to be considered while analysing the strategic choices of EMEs. Indeed, the crucial dimension is co-ethnicity (both for the targeted niche market and labour), hence the focus on social space (Werbner, 2001) or on the embeddedness of (im)migrant entrepreneurs within social networks of co-ethnics (Waldinger, 1993). However, we are aware of Waldinger's (1993) argument that the term 'enclave' should be used carefully. Hence, for the purpose of this paper, we will only use the term *enclave* to refer to entrepreneurial strategies, while we will refer to *community-based niche market* to refer to the targeted niche. Moreover, as an emphasis of the co-ethnic dimension in EMEs strategy as well as the significant importance of their embeddedness in co-ethnic social networks when recognizing opportunities, we will adopt the terminology of *enclave-market entrepreneur* – in the sense of Zhou (2004) – to designate EMEs who are serving co-ethnic clientele with ethnic products (to which Rusinovic, 2008, refer to as *ethnic-market entrepreneurs*). The primary dependence of EMEs on the community-based niche market (enclave and niche market entrepreneurs) emphasises the importance of embeddedness in social networks and in the local market, on business development and strategies. We next review and define the concept of diversification in the context of Polish EMEs.

### **2.3 Diversification as a key component of EME breakout**

In defining diversification, therefore, we need to consider both the wider extant conceptual development that has been utilized to inform marketing strategies of small firms, whilst also finessing the definition to be contextualized to the unique context of Polish-owned micro enterprises in Glasgow. Diversification has been widely addressed in the strategic management literature (for example, (Rumelt, 1974; Porter et al., 1996; Markides, 1997; Helfat and Eisenhardt, 2004; Bowen and Wiersema, 2005; Hitt et al., 2006; George and Kabir, 2012; Hashai and Delios, 2012; Castañer and Kavadis, 2013; Lien and Li, 2013; Mackey and Barney, 2013; Hautz et al., 2014; Mayer et al., 2014; Piscitello, 2004; Anjos and Fracassi, 2015; Kim et al., 2015). Although strategic management has many insights on diversification of an empirical, conceptual and practical nature, even some of the most recent literature is largely focused on international diversification by large firms. In addition, the strategic management literature considers product-market diversification (Ansoff, 1957; Rumelt, 1991), seen as a defensive move (Montgomery, 1985), product and service diversification (Nath et al., 2010) with potential negative impact on firm's performance, linked to marketing capabilities (idem). Various concepts exist within the strategic management literature, such as related and unrelated diversification (Rumelt, 1974). In particular, we might consider the Ansoff matrix, with its consideration of either existing or new products or markets, and thus Ansoff's potential growth strategies of market penetration, market development, product development, and (product-market) diversification (Ansoff, 1957). According to Ansoff (1957), therefore, (product-market) diversification exists where there are both new markets and new products or services offerings. Product-market strategy that involves (product-market) diversification thus 'calls for a simultaneous departure from the present product line and the present market structure' (Ansoff, 1957, p.114). Whilst these strategic alternatives and, therefore, the theory and practical prescriptions emerging from them have been derived from large corporate examples, which have little to do with Polish micro EMEs, however, they might still be applicable in the broadest sense.

It is important to note at this point that much of the extant literature on diversification is corporate-centric and is, therefore, inapplicable and theoretically un-generalizable to micro enterprises; and also is not sufficiently contextualized to be valid here. Hence, the need for conceptual development based on empirical data on EMEs. This aspect of product-market strategy proposed by Ansoff, in particular diversification, is not novel in the field of strategic management but has (surprisingly) not been widely explored in the field of EME research. When it has, the term of 'accessing' new market is used instead of 'broadening' which, indeed, demonstrates the accuracy of Engelen's (2001) critique of deterministic or assimilationist views of breakout. We conclude here that it would be justified to use conceptual development of diversification from the strategic management literature. However, entrepreneurs and small businesses (not corporates) also aim to reduce risk (Jones et al., 2008). (Whereas, see Audretsch and Thurik, 2001; Ruvio and Shoham, 2011; Jaouen and Lasch, 2015, for justification regarding the attention given to SMEs and entrepreneurship in a different way). Although diversification has been explored in greater depth in the rural entrepreneurship literature (Clark, 2009; McElwee and Bosworth, 2010; Sanders et al., 2014), in the case of which the definition is based on the rationales for diversification, exploration of income generation opportunities, and (for the purpose of this paper) diversifying business related to the main "production". Other diversification strategy research has, however, focused on family firms (Sanchez-Bueno and Usero, 2014) and to some extent on small firms in other contexts (which we will not rehearse here).

Prior studies considered EME breakout (Basu, 2011; Ram and Hillin, 1994; Rusinovic, 2008; Smallbone et al., 2005), marketing strategies (Jamal, 2005), specifically marketing (including by EMEs) to ethnic minorities (Jamal, 2005; Nwankwo and Lindridge, 2015; Ojo et al., 2015), market potential and its impact on EME performance (Jones et al., 2000) and specifically diversification (e.g. Basu, 2011). Basu (2011), in particular, found some evidence of a combination of product and market diversification and noted that EMEs: “adapt and, if necessary, re-position their product offerings in order to attract a wider market nationally or internationally” (ibid: 76). Indeed, they “extend or diversify their product (or service) offering or reposition their products (or services) to meet the requirements of wider and more promising market segments.” (With a need to consider other issues such as ‘ethnicity positioning’, ‘price/quality positioning’, and ‘geography of sourcing’). In conclusion, the concept of breakout needs to be refined further to include product diversification as part of the incremental process of stepping out of the limited niche market. However, the focus is not on profit only but rather on the use of differentiation to ensure survivability and development of the business.

### 3. Methodology

This paper utilizes data from qualitative fieldwork conducted in Glasgow among Polish (im)migrant entrepreneurs. The wider study (Lassalle, 2015; Lassalle and McElwee, forthcoming) adopts an original phenomenological approach, that is the analysis of organised action, as an innovative methodology of data collection and analysis, used originally in France (Crozier and Friedberg, 1977). This approach offers tools for qualitative data collection in order to uncover a deeper understanding of the respondents' perception of their strategies within the specific environment in which they operate. Since entrepreneurship is highly contextualised (Cope, 2005; Welter, 2011; Zahra et al., 2014), numbers cannot always capture this experience (Gartner and Birley, 2002). Interpretive research on entrepreneurial phenomena aims to identify conceptual insights that emerge from the empirical data collected. This process, necessarily theory-laden, is one that can also be referred to as conceptual leaping (Klag and Langley, 2013). In his paper on phenomenological inquiry, Cope (2005) also advocates discovery- and theory-oriented research. Furthermore, Leitch et al. (2010) call for diversity in entrepreneurship research in order to provide better understanding of entrepreneurs' behaviour and perceptions within the context in which they take action or identify opportunities. The analysis of organised action proposes a novel and useful approach on data collection and analysis that, first, allows the collection of more depth (through the interview techniques) and breadth (given the approach to data collection) of data and, second, provides analytical tools to let theory emerge from the data.

#### 3.1 Data collection

Data were collected during fieldwork using an *omnivorous* approach to data collection (Lassalle, 2015), including semi-structured interviews in Polish with 21 Polish (im)migrant entrepreneurs in Glasgow, as well as key informant interviews with gatekeepers, spouses, and employees when applicable, and informal discussions with the entrepreneurs, agents from the Polish community networks and clients. This approach aims to capture the diversity of the lived-world experience (Cope, 2005) of Polish entrepreneurs in Glasgow. Since the explanation of a phenomenon varies in different spatial, social, and institutional environments (see, for instance, Katz and Steyaert, 2004), this study is focusing on Polish entrepreneurs, who arrived in the UK following the EU enlargement of 2004, and who have since started their business in the Glasgow area between 2005 and 2008. The aim is to capture a concentrated population both in space and time in order to increase the validity and reliability of the results. An additional benefit is that data gathered during the fieldwork can be compared to the scarce data on post-2004 Polish migration in the UK (such as Drinkwater et al., 2009). The choice of location follows the same logic. Indeed, Glasgow is a large metropolitan area, in which many Polish migrants (and businesses) are located. Furthermore, the Polish community is active in the area, as demonstrated by the activity of the Polish Club, and of Internet portals such as glasgow24 or emito.net (Glasgow section), which ensures that a larger breadth of data has been collected with the omnivorous approach. This helps provide a deeper understanding of the social context in which Polish entrepreneurs are embedded as individuals and entrepreneurs. As we have presented earlier, the study of EMEs' strategies (for instance, their ability to diversify or to extend the enclave) requires an exploration of the social networks and the environment in which they operate. Finally, the Polish community is more visible and concentrated in Glasgow than, for example, in Edinburgh because of the proximity of the low cost hub Glasgow Prestwick airport, which provides low cost flights from Bydgoszcz or Szczecin to the region.



In order to ensure a greater quality of data on aspects such as perception, or entrepreneurial behaviour, all interviews and discussions were conducted in Polish by the lead author himself – although French and so not a native Polonophone – as argued by Welch and Piekkari (2006). This approach also allowed the researcher to generate trust with respondents, who are (not necessarily) proficient in the English language.

As part of the interview method, the analysis of organised action used for this study resonates with phenomenological techniques of inquiry focusing on respondents' experiences, such as Cope's (2005) work, or Kisfalvi's (2002) analysis of the entrepreneur's strategy. Like the latter, it also provides techniques for the interview in order to ensure greater depth of data: including opening questions, a greater attention given to the respondent's account of the environment and the use of full hand-notes during the interview (see Crozier and Friedberg, 1977; Lassalle, 2015). In addition, the data collected outside of the interview settings (for instance, hours-long conversations with the entrepreneur and his employees) greatly influences the researcher's understanding of the environment (thus contributing to increasing the breadth of data).

### 3.2 Sampling and sample

Interviews were conducted among registered Polish sole-owner businesses in the Glasgow area. Interviewees were selected using different sampling techniques. In addition to informal conversations with members of the community and key informants, some interviewees were identified by active search on the streets, or on the yellow pages. Interviewees were also identified using Polish Internet community portals and newspapers. Finally, a snowballing technique was used to expand the sample. Subsequently, interviews were conducted until the data reached saturation.

As seen in Table 1, the sample includes (in addition to key informants) 21 cases from various sectors of the economy in which Polish entrepreneurs in Glasgow are operating. All businesses operate in service sectors (delicatessen, hairdressers, IT, garages, etc.) and can be defined as micro-businesses (Commission of the European Communities, 2003) (of 1 to 9 employees; however, in the case of this study they were fractionally smaller, having no more than 3 employees). In total, 19 of the selected entrepreneurs arrived in the UK after 2004. A general overview of the participants shows that most of the interviewees arrived in Scotland between the late months of 2004 and the early months of 2005. The median age of the Polish entrepreneur in Scotland was 30 years old (14 men and 7 women), worked in Scotland prior to start-up, had a degree from Poland, but lacked English language skills. As displayed in Table 1 below, most of the Polish entrepreneurs in Glasgow serve the Polish community-market (*enclave-market* and *niche-market* categories).

**Table 1: Case stories: interviews with Polish entrepreneurs in Glasgow**

Type of Business	Age, education, year of arrival	Typology	Gender
S. computer-shop	30s, P/G degree, 2005	Niche-Market Entrepreneur	M
M. garage	20s, U/G degree, 2004	Niche-Market Entrepreneur	M
L. travel agency	60s, University degree, 1970s	Middleman Entrepreneur	F
B. delicatessen	20s, UK P/G degree, 2004	Enclave-Market Entrepreneur	M
U. book-shop	40s, P/G degree, 2006	Enclave-market Entrepreneur	M
M. hairdresser	20s, student, 2007	Niche-Market Entrepreneur	F
P. body-shop	30s, College degree, 2004	Mainstream Entrepreneur	M
A. construction	30s, Secondary school, 2004	Mainstream Entrepreneur	M
K. hairdresser	40s, Secondary school, 2004	Mainstream Entrepreneur	M
M & L restaurant	40s, University degree, 2005	Middleman Entrepreneur	F
L. legal adviser	30s, P/G degree, 2004	Niche-Market Entrepreneur	F
H. legal adviser	40s, P/G degree, 2002	Niche-Market Entrepreneur	M
P. construction	30s, Secondary school, 2005	Mainstream Entrepreneur	M
L. Hairdresser	20s, U/G degree, 2007	Niche-Market Entrepreneur	F
A. Boxing School	20, Secondary School, 2005	Niche-Market Entrepreneur	M
K. IT	20s, P/G degree,	Niche-Market Entrepreneur	M
R. garage	30s, Secondary School, 2004	Mainstream Entrepreneur	M
A. Hairdresser	20s, student, 2005	Niche-Market Entrepreneur	F
M. Driving School	50s, P/G degree, 2005	Niche-Market Entrepreneur	M
M. Delicatessen	50s, University, 2006	Enclave-market Entrepreneur	F
P. IT	20s, P/G degree, 2005	Niche-Market Entrepreneur	M

### 3.3 Data Analysis

The analysis of data followed an abductive logic (Klag and Langley, 2013), which can be understood as the interplay between making inductions (deriving concepts and properties from collected data), and deductions (in this case: referring back to the existing concepts when unveiling the results from empirical data) as part of the theorisation process (Corbin and Strauss, 2014). The abductive element emphasises the importance of the iterative and reflective process of theorisation, also referred to as 'enfolding' in the literature (Eisenhardt, 1989, in Cope, 2005, p.179). Although pre-existing theories and concepts on (im)migrant entrepreneurship literature are used to initially formulate the purpose of the research and design starting codes, they are combined with theories and models emerging from collected data. Thus, the empirical results inform theorising via the process of conceptual leaping (Klag and Langley, 2013). For the purpose of this paper, the *diversification process* (the incremental and dynamic process of business development or indirect route to breakout into the mainstream market) followed by Polish entrepreneurs in the Glasgow emerged from the iterative process of analysis of the data collected during the omnivorous fieldwork (based on respondent's sense-making of their own experience of entrepreneurship within the contexts in which they are embedded).

For the analysis, coding, i.e. the conceptual ordering of the data into discrete categories (Corbin and Strauss, 2014), was used as a grounded, abductive, and lengthy effort embedded in the observation of data, in which the researcher is consciously seeking themes to emerge by reading, highlighting and grouping the data collected, using starting and emerging codes along the process. Klag and Langley (2013) refer to it as 'bricolage' – part of the conceptual leaping process. This process of data structuring and reducing is a basis for theorisation (Miles and Huberman, 1994). Open coding and axial and thematic coding were both used. The iterative nature of the process pointed out by Klag and Langley (2013) requires a constant reference to the data to let themes emerge. The analysis of organised action proposes to look at the interplay of the actor (here; Polish entrepreneurs) and of the environment (here; the local environment, the opportunity structure, the social networks, the institutional context) as part of the process of analysis, as both cannot be separated (Crozier and Friedberg, 1977), especially following a contextualised view of entrepreneurship. Indeed, entrepreneurship is an interplay between structures and the entrepreneurs (Shane and Venkataraman, 2000; Sarason et al., 2006; Garud et al., 2014), and involves interaction between agent and structure (Mole and Mole, 2010). Whereas opportunity-nexus theory will insist on the opportunity identification and recognition process (Shane, 2000; Shane and Venkataraman, 2000), Alvarez et al. (2013) argue that opportunities can be created within the constraints and enablers of the context. Likewise, Garud et al. (2014) discuss the constitutive and recursive nature of entrepreneurship and build on the structuration theory of Sarason et al. (2006) and Giddens (1991), who claim that entrepreneurs articulate contexts to implement opportunities. Their ability to identify, recognise and create those opportunities is a subjective and idiosyncratic process of interpretation of the contexts by the individual (Sarason et al., 2006). Whether opportunities pre-exist or are co-created by the entrepreneur and the context, there is a need to understand the entrepreneurship phenomenon within the social context in which entrepreneurs operate (Cope, 2005; Welter, 2011).

Findings from this fieldwork are theory-laden (Cope, 2005; Leitch et al., 2010) and there is no claim of empirical generalizability. However, the findings embedded in the specific context of the Polish community in Glasgow. Nevertheless, the formulation of theory emerging from depth and breadth of empirical data is to be presented as a proposition for future research across communities and locations.

## 4. Findings

This section presents the findings of the study by focusing, first, on initial co-ethnic market start up activities and then, second, the market broadening strategies of Polish entrepreneurs in Glasgow. Thus the behaviour of these entrepreneurs is contextualized in their specific contexts (time, location, social networks, and the institutional environment) in which the study participants are embedded.

### 4.1 Starting-up in the community niche market

#### *Ethnic-market entrepreneurs*

First, as highlighted in previous research (Werbner, 2001; Engelen, 2001; Zhou, 2004; Smallbone et al., 2005; Rusinovic, 2008; Kloosterman, 2010), (im)migrant entrepreneurs start up within their community niche market in a specific place (here Glasgow city) and thus belong to the categories of ethnic-market entrepreneurs and niche-market entrepreneurs (as previously discussed). Polish entrepreneurs in Glasgow are no exception to this common behaviour. This niche market is made more accessible by social ties – or networks (Waldinger, 2005) – and shared identity. They perceive opportunities to serve their own community because of their cultural “proximity”. Indeed, as argued by (Sepulveda et al., 2011), the community-based niche market is based on ethnic and cultural traditions. Ethnic entrepreneurs are, therefore, best positioned to identify an opportunity within this niche market. Since Polish entrepreneurs share a common language, this feature removes an important cultural barrier for migrant consumers since Polish migrants – and entrepreneurs alike – usually have poor English language proficiency (as documented by White and Ryan, 2008; Lassalle et al., 2010; Ryan, 2011; Knight, 2015; McGhee et al., 2015). This is one explanatory factor behind both: (i) their employment in low skilled, low paid occupations in the UK labour market (Drinkwater et al., 2009) prior to start-up; and (ii) the choice of targeting the community as a market. The following quotes are thus relevant:

*"I could not speak English. I mean, I know a few words "Yes. Please. How are you?" [in English]. When I arrived here, I could not really speak and you know, I meet mostly with Poles. So for the business, we sell to everyone but the clients are mostly Poles"*

U. book-shop.

*"I speak a bit of English but basic words only. For the lessons, I use Polish. We understand each other with other Poles. There are Slovaks who take the course as well, it is fine, I speak slowly, they can understand me [laughters]"*

M. driving school.

*Almost all our clients are Poles. I think it is because of the language barriers. Sometimes I have to ask three or four times to understand a question with the locals [...] We are trying to reach more and more locals with the advertising, the flyers.*

M. Garage

Most of the interviewed Polish entrepreneurs in the Glasgow area serve (almost exclusively) a Polish clientele, while a few engaged in middlemen activities at a later stage of their business lifecycle by serving the mainstream population with ethnic goods (such as Polish food products). However, there was little evidence of Polish entrepreneurs engaging in such middlemen strategies at the start-up phase. The first market targeted was the community, even for such businesses, as the following example illustrates:

*"We sell for every client: Scottish, Polish, Slovaks, Czech, even Russian [...]. At the beginning, most of our clients were Poles. They know the products, we do not have to explain. But even now, I would say that a majority of our clients are Poles"*

B. Delicatessen

*researcher's note: all products were only labelled in Polish at the start-up phase.*

Overall, Polish entrepreneurs are more able to spot opportunities within their community niche markets due to a shared understanding of community needs. This co-ethnic insight allows them to serve the community with ethnic products – in the sense of products of Polish origin or traditions – that they are ready to purchase (such as Polish sausages, Kubus carrot juice or Polish herring).

Indeed, serving the community with ethnic products is not limited to food but also encompasses information technology (IT) (i.e. Polish software) and media (e.g. Polish books and magazines, community internet portals). Those entrepreneurs fall into the category of *enclave-market entrepreneurs* (Zhou, 2004), which resembles Rusinovic's (2008) ethnic-market entrepreneurs. In all cases, in spite of some competition by Pakistani delicatessens employing Polish people to sell Polish goods (hence acquiring the human capital or 'knowhow' needed to access the Polish community market), the understanding of the needs of fellow post-2004 migrants is higher in the case of Polish entrepreneurs than for their British (or local) competitors, since the Polish entrepreneurs are 'culturally' aware of the need of the community. In addition, due to their social networks, Poles have better supply-chain linkages in the UK (e.g. a Polish bread warehouse in Edinburgh) or in Poland (for instance, publishers).

### *Niche-Market entrepreneurs*

Thus, the Polish community is the primary, or even the only, market targeted by most interviewed Polish entrepreneurs in Glasgow. Although local clients are potentially available, their businesses strongly rely on the Polish community as customers. However, although the findings related to start-up do not differ from recent literature on ethnic minority entrepreneurs (Kloosterman, 2010; Lin, 2014; Rusinovic, 2008; Smallbone et al., 2010), there is also evidence of Polish entrepreneurs at start up being *niche(-market) entrepreneurs* (see figure XX). We make a distinction here between entrepreneurs serving the community with ethnic products (as presented above) and those providing a mainstream service (such as car repair, printing or legal services) but specifically aiming at serving their co-ethnic community. For instance, we identified two lawyers who were targeting the Polish community as their (sole) market. This pattern can be explained again by the cultural proximity between the Polish lawyer and the Polish client and by the trust generated by this proximity and by use of the same language. Despite evidence of mistrust among Poles in the UK (see Helinska-Hughes et al., 2009; White and Ryan, 2008; Lassalle et al., 2011) as an heritage from the communist era (Smallbone and Welter, 2006; Welter and Smallbone, 2006; Welter, 2012; Smallbone et al., 2014), social contact generates a form of confidence and thus is beneficial to entrepreneurial activities (Light and Dana, 2013). The legal advice provided itself might not seem different from mainstream legal advice (e.g. car insurance, property, or criminal defence) but could not be offered as efficiently by a local entrepreneur because of the lack of cultural proximity to the clients, who often (we emphasise again) lack English language skills. In addition, their embeddedness in community networks also helps our understanding of why Polish entrepreneurs target their services at the community-based niche market. For instance, Polish garages are targeting the community that they know and to which they can more easily advertise through ethnic social and marketing channels such as Glasgow24.pl, emito.net, or the magazine 'emigrant'.

Those Polish entrepreneurs serving the Polish community with mainstream services and specifically targeting this co-ethnic market are categorised within the *niche-market entrepreneur's* category. In that sense, we follow Rusinovic's (2008) terminology; however, our findings suggest that the niche market strategy of Polish entrepreneurs is successful<sup>1</sup> and viable (which will require further research on other localities and communities) in their first generation, despite the limited size of the client base. Moreover, we argue that in the case of Polish entrepreneurs, these niches are not necessarily *shunned* by mainstream entrepreneurs (as claimed by Zhou, 2004; Jones et al., 2012). Instead, based on the findings, we support the argument that – due to cultural proximity, shared language, and their knowledge of the client base (their understanding of the needs of the community) – Polish entrepreneurs are able to spot viable opportunities within the niche market either for ethnic and non-ethnic products and services. On the contrary, local entrepreneurs might not be able to spot those opportunities as they lack the human capital required. The examples of legal services, IT support services, boxing schools and driving schools support our argument that the community-based niche market offers sufficient potential for business survivability to Polish entrepreneurs in Glasgow<sup>2</sup>. The example below is not an exception and illustrates Polish entrepreneurs' ability to identify opportunities within the community market, using the community network and their knowledge of community needs. These opportunities do not seem obvious to anyone outside the community (indeed, who would have thought that there are enough Poles for a Polish boxing school in Glasgow?).

<sup>1</sup> In the sense of 'satisfactory' according to the entrepreneurs and their family, which includes elements of lifestyle, stability, job satisfaction, and income generation.

<sup>2</sup> Polish entrepreneurs all had a job in the UK prior to deciding to start up.

*"I do boxing, Muay Thai, Brazilian Ju-jitsu, MMA [note: Mixed Martial Arts]. All my classes are in Polish. I cannot really teach in English, right? Mostly Poles come and a few other Eastern Europeans; Russian, Czech. But most of them are Poles. [...] I was following classes here (note: in the east end) and I thought that I could do the same. I posted on emito. Some guys wanted to do it. I advertised the class on the web. For example on emito, and people were asking questions about the class and showing interest. Emito. Emito.pl I think [note: emito.net]. Well I advertised about the class I was giving for the other school and people were interested. Many Poles are looking at emito. I have two guys teaching other things. I teach the Muay thai and they teach the others. There are also fitness classes for the women in the school. [smile] I am doing well now. Only a few months."*

A. boxing school

The importance of knowing the customers' needs and of cultural proximity (generating trust) is crucial in understanding the ability of Polish entrepreneurs to identify opportunities within the community niche market in Glasgow. In addition, despite evidence of some limited growth potential in a number of cases (following Engelen, 2001), we claim that the potential of the community-based niche market should not be dismissed. In fact, Polish entrepreneurs recognise additional opportunities for further business development within their community-based niche market.

#### **4.2 Diversification: broadening the offering of product and services**

Like many (im)migrant entrepreneurs from other communities (Rusinovic, 2008; Deakins et al., 2009; Kloosterman, 2010), the Polish community market in Glasgow is limited by the size of its population. In addition, the community market is decreasing as at least half of the Polish migrants have returned to Poland (IPPR, 2010), which impacts negatively on growth potential of individual businesses. Polish entrepreneurs in Glasgow have access to a limited market from the outset because they lack both English skills and knowledge of the institutional and market conditions (apart from within their community market). These limitations are still in place even a few years after the start-up and one can expect that they would impede business development. This research nevertheless provides additional evidence of diversification among Polish entrepreneurs in Glasgow and also provides novel empirical evidence of alternatives routes to overcome barriers to further business development and thus ensure survivability. First, as documented in the literature, there is evidence of (im)migrant entrepreneurs engaging in strategies of *broadening of the client base*, as a way to access more profitable markets beyond the community-based niche markets (Rusinovic, 2008) or *enclave* (in the sense of Waldinger, 1993; Zhou, 2004) to ensure the survivability of their business (Smallbone et al., 2010; Shinnar et al., 2011; Wang and Altinay, 2012). Polish entrepreneurs hence try to access a broader client base by advertising to locals (in the sense of British customers from the neighbourhood):

*Almost all our clients are Poles. I think it is because of the language barriers. Sometimes I have to ask three or four times to understand a question with the locals [...] We are trying to reach more and more locals with the advertising, the flyers. I have my neighbours. They are locals (note: Scots). They helped me with the flyer, the translation etc. Really, they helped me with the language. Now I can distribute these flyers in the neighbourhood, in the next blocs. I hope I can attract more locals.*

M. Garage

Second, this research reveals another form of diversification among Polish entrepreneurs that has not been explored by previous literature on breakout and diversification among (im)migrant entrepreneurs. Indeed, there is evidence that they follow alternative routes to business development and survivability. Indeed, in addition to broadening their client base by trying to break out of the mainstream market (a phenomenon that has been extensively researched in the literature on (im)migrant entrepreneurs), they also *broaden their product and services offering* to the Polish community. In other words, they diversify their offering within the community-based niche market and thus do not 'shift' to mainstream or middlemen categories but remain within the boundary of the ethnic market. Polish entrepreneurs in Glasgow operate this diversification of products and services under two main forms; first, they introduce non-ethnic product and services to their offering to Polish clients. For instance,

*Mainly we sell Polish software. Most Poles here want a Polish version of Microsoft office. [pause] But we also give some help.*

*Paul: what do you mean?*

*Some people started to ask us for support. I mean, they are not familiar with technology. Some more old school Poles. And they do not speak English. Who can they ask? So they phone me or come here and ask me for help. Basically, what I do is that we take an appointment. Sometimes it is quite late. I have my phone with me, they know my number, they can contact me and then I go to their flat and install the internet broadband or windows on their computer. I do this often now.*

K. IT

This entrepreneur now provides an extended range of mainstream services to the community based on accumulated knowledge of its (co-ethnic) customer base in the context of Glasgow. In other words, K is now offering non-ethnic service to the community (setting up broadband connections, etc) in addition to ethnic products (Polish software). Likewise, the following entrepreneur is diversifying her offering of services mainly aimed at the community market.

*We want to grow. You see [the next room]. At the moment, we cannot use it but I have a plan for it. We are going to open a beauty salon.*

*Paul: when?*

*In a few weeks' time. We just need to decorate the room. I have all the beauty treatments. I mean, we already offer some beauty services in the salon; we do nails, eyebrow, masks, but this would be a separate room with more space for the client to relax.*

M. hairdresser

Like K, M. is mostly serving Polish customers and thus belongs to the niche-market entrepreneur category. Nevertheless, she is broadening the service offering to her customers as a way of ensuring business survivability. However, in spite of evidence of diversification, she would still be classified within the niche-market entrepreneur category.

Polish entrepreneurs are able to exploit their competitive advantage within the community-based niche market for further business development, as they recognise additional opportunities to develop their business within this market due to their cultural proximity with their clients but also due the social networks in which they are embedded. Since they mostly socialise with fellow Poles (and to be precise, mostly with post-2004 Polish migrants) in Glasgow, they are able to better understand the needs of the community and hence to identify and exploit opportunities within the community niche market, not only at the start-up phase but for later business developments as well. As demonstrated below, this understanding can be very incremental and step-by-step:

*For example, if they are asking for some help. When they are buying, they want everything from Poland, the salt, and the sugar. Some of them want everything from Poland. I have to buy for the clients although it does not make any difference to me whether the sugar comes from Poland or from Scotland. Some clients are helping me with the orders because they can tell me what they want.*

M. Delicatessen

Importantly, the process of broadening of product and services offering is both undocumented and incremental, i.e. the entrepreneurs rely on their idiosyncratic perception of the opportunities available within the community-based niche market. As documented by Lassalle et al. (2011), Polish entrepreneurs do not have business plans or do not conduct benchmarking activities to support their strategies. These perceptions are influenced by their embeddedness in the Polish community networks, which is a crucial factor in understanding their entrepreneurial behaviour.

*I am always on emito. We talk about different things; sports, events, etc. The people react and ask questions about what I do. [Because] I also help for the language. Some of my clients do not only ask me about their PC but also about the children, letters, and paperwork.*

S. IT

S is an educated migrant and is proficient both in English (which is a rare characteristic among post-2004 Polish migrants) and in IT. However, his target market is the Polish community-based niche market which is sufficient for ensuring business survivability and income generation for him and his partner, which supports Engelen's (2001) argument that the potential of the community-based market should not be dismissed and is not always a choice *by default*. In all cases, despite the demographic limitations of a Polish community-based market in Glasgow, most of the entrepreneurs interviewed considered their choice of starting up a success. The explanation of this success is the ability of Polish entrepreneurs in Glasgow to identify opportunities within the community-based niche market but also to recognise opportunities for business development within the community by broadening their product and services offering to the community as an alternative route (to the broadening of the client base) towards business development. Indeed, this broadening of products and services takes different forms: some entrepreneurs offer a wider variety of products (mostly Delicatessen), a wider variety of services (such as the boxing school, garages getting the accreditation to organise MOT tests, hairdressers adding beauty services to their offering), or add services to their product offering (the example of the IT shop). Finally, a few entrepreneurs have decided to internalise some of the activities linked to sourcing and transport from Poland. For instance, the delicatessen decided to create her own supply network and to manage supplies directly from Poland without using intermediaries in Scotland; and she also set up direct links with transport companies from Szczecin. In that sense, those strategies of diversification are similar to those of mainstream businesses. However, this phenomenon occurs within the community-based market, which constitutes a specific market segment in which the entrepreneurs and the clients are embedded in similar social networks, share similar culture (and language) and often similar migration experiences.

As presented above, the findings highlight the broadening of products and services as a complementary route to further business development. Empirical evidence presented within this paper contributes to debates on diversification strategies pursued by (im)migrant entrepreneurs. The shift from enclave-market to middlemen and from niche-market to mainstream among the second generation has been documented (Rusinovic, 2008). However, the present research emphasises the importance of 'shifts' – in Rusinovic's (2008) terms – of strategies within the community-based markets categories of *enclave-market* and *niche-market* entrepreneurs.

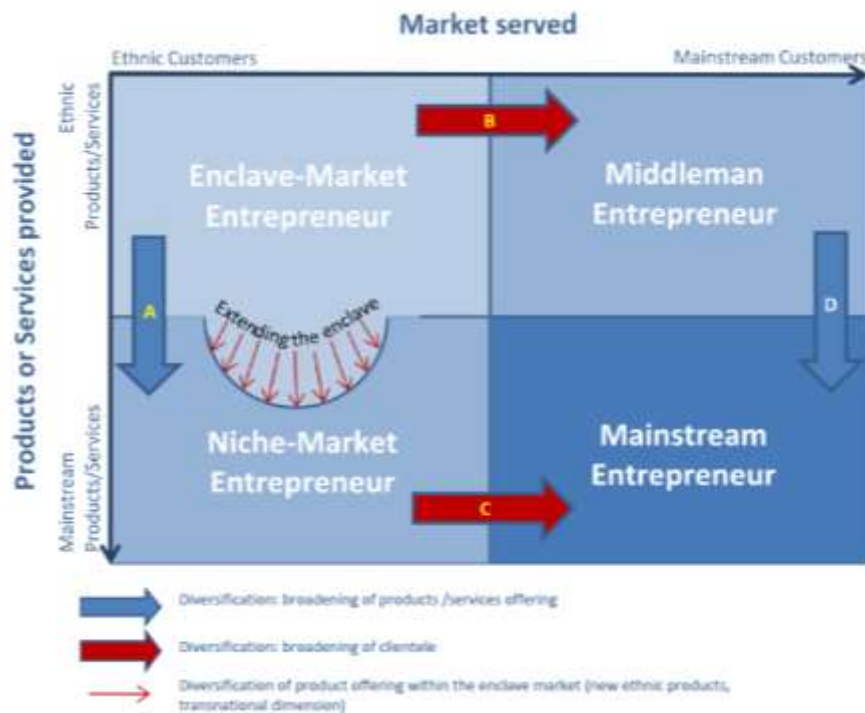
## 5. Discussion

In this paper we have contributed to the empirical evidence and theory on EME breakout strategies. We have done so by providing novel insights into the incremental broadening process of the (ethnic and non-ethnic) product and services offerings. Further, we demonstrate how this process is a crucial strategic move by which (im)migrant entrepreneur(s) can optimize the survivability of their business(es). The terminology developed by Zhou (2004), Rusinovic (2008) and Lassalle (2010, 2015) presented in Figure 1 helps us to categorise EMEs according to the market served and according to the (ethnic or non-ethnic) nature of the products or services offered. Discussions on breakout and breakthrough have been debated in the literature on EMEs with attention given to the rationales for, and the barriers to, achieving these strategies (Engelen, 2001; Ram et al., 2003; Smallbone et al., 2005; Kloosterman, 2010; Basu, 2011). As identified by Rusinovic (2008), there is a shift from serving co-ethnics to serving mainstream customers among second generation of EMEs (movements B and C in Figure 2). Nevertheless, the current study conducted on Polish entrepreneurs in Glasgow suggests that the process is incremental, but occurs at the first generation, even in the first few years of the business lifecycles. Indeed, Polish entrepreneurs who started up Glasgow between 2006 and 2008 showed evidence of diversification as early as 2008.

To capture the incremental and processual nature of the phenomenon, we propose the concept of the *diversification process*. Indeed, Polish EMEs accumulate knowledge of the market served over time. When it comes to serving the community of co-ethnics, this understanding is facilitated by shared belonging to Polish (im)migrants' social networks in Glasgow (direct contacts or via Internet portals). The use of the *diversification process* in lieu of more direct *breakout* places more emphasis on the processual nature of EMEs' strategies, as well as on the incremental (i.e. unplanned and *ad hoc*) development of such strategies (Lassalle et al., 2010, 2011). In addition, since the process occurs even among the first generation of EMEs, the term *breaking out* appears to be too sharp to characterise an incremental and incomplete process of diversification. In addition, following Engelen's (2001) argument, we claim that *breaking out* or shifting to the mainstream entrepreneur category (see Figure 2) is not an aim, nor indeed an end. In fact, EMEs can be successful in exploiting opportunities within the community-based market (either locally or internationally as claimed by Basu, 2011).



**Figure 2: The diversification process**



Source: Lassalle (2015)

Moreover, the *diversification process* goes beyond mere consideration of accessing customers outside of the co-ethnic market. In other words, in addition to broadening the market base, the diversification process encompasses strategies of broadening the product offering within the existing market targeted by EMEs. So far, empirical evidence on Polish entrepreneurs in Glasgow highlight the ability of Polish entrepreneurs to start-up as niche-entrepreneurs but also to add on non-ethnic services to their offering to co-ethnics (or fellow Central and Eastern European) clientele (movement A in Figure 2). This novel finding constitutes the main contribution of the study and complements previous debate on accessing or breaking-out to more rewarding markets (Smallbone, et al., 2005; Rusinovic, 2008; Kloosterman, 2010). The model suggests that the shift from *enclave-market entrepreneur* to *niche-market entrepreneur* is a strategy pursued by EMEs to overcome the constraints of the limited community-based market in which they operate.

Indeed, this shift is achieved by introducing a wider range of product offering (e.g. beauty salon, IT support, range of classes) in the market that they have already targeted. Polish EMEs recognise opportunities for business development within the community-based market. Once again (as for start-up), shared knowledge through socialisation with co-ethnics and cultural proximity are facilitating the recognition and exploitation of business opportunities by EMEs within their community-based market.

This aspect is even more visible in the case of enclave-market entrepreneurs who *extend the enclave*. This category of EMEs who are diversifying their product or service offering for the community-based market is different from the previous for they do not actually bring in non-ethnic products (mostly services) to their offering. Instead, those entrepreneurs pursue the strategy of broadening their offering of ethnic products to the community-based market (hence they still belong to the enclave-market entrepreneur category). As argued earlier, they need to ensure the sustainability of their business in a saturated or hypercompetitive environment (Ram et al., 2003; Kloosterman, 2010). However, they identify opportunities to do so within the enclave. According to the findings, the choice of focusing on *enclave-market entrepreneur* strategy (serving the community-based market with ethnic product) is viable and can also lead to growth. Evidence from several successful businesses (for instance, Delicatessen) demonstrates that the potential of the enclave is not to be dismissed (see also Engelen, 2001). Their product diversification is incremental and relies on their understanding of the needs of the community acquired through their embeddedness in community social networks. Hence, their activity is still bounded by co-ethnicity and networks within the local area.



## 6. Conclusions

In this paper we have focused on the specific business development activities pursued by Polish Ethnic Minority Entrepreneurs (EMEs) in Glasgow at later stages of their business lifecycles. In so doing, we have contextualized their lived experience (Cope, 2005) and have conducted analysis of further business development, i.e. breaking-out strategies (Jones et al., 2000; Engelen, 2001; Smallbone et al.; 2005, Rusinovic, 2008; Wang and Altinay, 2012) that comprises the theoretical and empirical contributions of this paper, whilst making a further methodological contribution. By analysing the process by which Polish EMEs are broadening their market base and their product and services offerings based on new empirical data that has been subject to phenomenological analysis, we have theorized and modelled the development of the diversification process of these Polish EMEs. Methodologically too, we have adopted an original phenomenological approach, that is the analysis of organised action, as an innovative methodology of data collection and analysis, used originally in France (Crozier and Friedberg, 1977) and collected data using an omnivorous approach to data collection (Lassalle, 2015). Subsequently, data were analysed using an abductive logic (Klag and Langley, 2013), the interplay between making inductions and deductions as part of the theorisation process (Corbin and Strauss, 2014) thus iteratively and reflectively 'enfolding' (Eisenhardt, 1989, in Cope, 2005, p.179).

We have captured the incremental and processual nature of the phenomenon and proposed the concept of the diversification process and, following Engelen's (2001) argument, claim that breaking-out or shifting to the mainstream entrepreneur category (see Figure 1 and 2) is not an aim, nor indeed an end. In fact, EMEs can be successful in exploiting opportunities within the community-based market (either locally or internationally as claimed by Basu, 2011). As well as broadening the market base, the diversification process encompasses strategies of broadening the product offering within the existing market targeted by EMEs.

This paper enhances and refines our understanding of the business development activities undertaken by Polish EMEs to ensure survivability of their business and to achieve growth. It also informs policymakers about the challenges faced by EMEs to raise the resources required to break out from niche markets. Access to support and finance are limited by the Polish EMEs' lack of awareness, understanding, language skills, and of access to wider social and business networks. This paper makes a valuable contribution to the field of research on EMEs. It stresses the incremental nature of the process of broadening market base and product or services offering as a route to break out from the saturated, hypercompetitive ethnic niche market. Hence, the paper contributes to debates on breaking out to new markets and networks, and on barriers to growth for EMEs. It then proposes the diversification process as a useful theoretical framework to analyse EMEs' business development activities.

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